



Department of Justice



FOR IMMEDIATE RELEASE
DECEMBER 6, 2010
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**FINANCIAL FRAUD ENFORCEMENT TASK FORCE ANNOUNCES
REGIONAL RESULTS OF "OPERATION BROKEN TRUST" TARGETING
INVESTMENT FRAUD**

BUFFALO, N.Y. – Following an announcement today by Attorney General Eric Holder in Washington, D.C., representatives of the Financial Fraud Enforcement Task Force in Buffalo, including U.S. Attorney William J. Hochul, Jr., announced the regional results of Operation Broken Trust, a nationwide operation which targeted investment fraud in the Western District of New York and throughout the country. Operation Broken Trust is the first nationwide operation of its kind to target a broad array of investment fraud schemes that directly prey upon the investing public.

Starting on Aug. 16, 2010, to date Operation Broken Trust has involved enforcement actions against 343 criminal defendants and 189 civil defendants for fraud schemes involving more than 120,000 victims throughout the country. The operation's criminal cases involved more than \$8.3 billion in estimated losses and the civil cases involved estimated losses of more than \$2.1 billion.

"With this operation, the Financial Fraud Enforcement Task Force is sending a strong message," said Attorney General Holder. "To the public: be alert for these frauds, take appropriate measures to protect yourself, and report such schemes to proper authorities when they occur. And to anyone operating or attempting to operate an investment scam: cheating investors out of their earnings and savings is no longer a safe business plan - we will use every tool at our disposal to find you, to stop you, and to bring you to justice."

United States Attorney Hochul stated "in many of these cases, investors entrusted their life savings to so-called experts they thought they could depend on. While most financial industry professionals are knowledgeable and trustworthy, it is important for the individual to know some of the warning signs of possible fraud. Perhaps most importantly – use your instincts and common sense. If a deal sounds too good to be true, it probably is. Do your homework, know who you're giving your money to, and don't be afraid to ask questions."

In the WDNY, there were 8 cases involving 12 defendants, over 950 victims with the amount of fraud estimated at approximately \$70-million dollars. While some involved Ponzi schemes promising high rates of return, others included international currency trades promising “huge profits” and opportunities to invest in oil and natural gas explorations.

“What has been accomplished by Operation Broken Trust will not end with this announcement today, the citizens of this community should take solace that the FBI and our Federal Law Enforcement partners will investigate these types of fraud schemes which tear away from the frame work of our financial well being as a country,” said James H. Robertson, Special Agent in Charge of the Federal Bureau of Investigation.

“Securities and investment frauds are serious offenses which have brought financial ruin to many citizens. Promoters of Ponzi schemes prey upon trusting investors and then steal their hard earned money,” said Charles Pine, Special Agent in Charge of the New York Field Office, IRS Criminal Investigation. “IRS Criminal Investigation is proud to bring our forensic accounting skills to this joint venture with our law enforcement partners to put a stop to this and other types of white collar fraud in New York State.”

The President’s Financial Fraud Enforcement Task Force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit StopFraud.gov.

The local Financial Fraud Enforcement Task Force includes members of the Federal Bureau of Investigation, the Internal Revenue Service, The Postal Inspection Service and the Secret Service.

Operation Broken Trust cases in the Western District of New York included:

United States vs. Wilson

Michael Wilson, 23, of Hamburg, New York, has been charged with multiple counts of wire fraud, conspiracy, and money laundering, in connection with a scheme to defraud approximately 12 investors out of \$8 million dollars. Acting in the names of businesses called New Frontier and Phantom Holdings and others, Michael Wilson used sophisticated sounding “Leveraging Agreement” contracts that promised unrealistically high rates of return. The Indictment charges that instead of investing the money, Wilson spent it on such items as houses, luxury automobiles, and artwork. William Wilson, 21, brother of Michael Wilson, was also charged with attempting to defraud another investor out of approximately \$70,000.

United States vs. Geidel

Timothy J. Geidel, 48, of Hamburg, N.Y., has been charged in a criminal complaint with wire fraud and money laundering. Geidel, a former investment advisor employed by Georgetown Capital Group, Inc., is accused of defrauding more than 50 investors out of hundreds of thousands of dollars, by promising clients that he would invest their funds in higher yielding "investment vehicles." Instead, the defendant allegedly diverted some of the funds to his own personal bank accounts, and to pay off earlier investors, thereby perpetuating the scheme.

United States vs. Altadonna

Lorenzo Altadonna, of North Tonawanda, NY, was convicted of securities fraud, sentenced to three years supervised release and ordered to pay restitution of over \$1,800,000 to his clients and \$5,000,000 to the Securities and Exchange Commission. Altadonna was a registered representative at Watermark M-One Financial in Amherst, NY, who accepted funds from investors interested in making trades. Instead of investing these funds, Altadonna put the money into his own account and used it to pay back earlier investors, some of whom had invested through Watermark Financial.

United States vs. Fuoco

Kathleen Fuoco, of West Seneca, N.Y., pleaded guilty to misprision of a felony and wilful failure to file tax returns and was sentenced to 18 months in prison. Fuoco was the only employee in the offices of Gen See Capital, a business run by Richard Piccoli. In early 2009, federal agents disrupted a massive Ponzi scheme being run by Piccoli through the business. Losses to investors totaled \$25,000,000. Piccoli pleaded guilty in June 2009 and is currently serving a 20 year sentence.

United States vs. Eldridge

After a four week jury trial, Gail Eldridge of Marietta, Georgia, Paul Knight of Kodak, Tennessee and John Montana of Staten Island, New York were convicted of 13 counts of conspiracy, fraud and money laundering. The charges involved a "High Yield Investment Program" promising extraordinarily high rates of return to investors in the United States and Europe. Between July 1999 and July 2001, the defendants obtained approximately \$33,000,000 from investors. The Federal Bureau of Investigation and the Internal Revenue Service determined that none of the \$33,000,000 was ever invested, but rather was put to the personal use of Eldridge and Knight.

United States vs. Zaveri

Ashvin Zaveri of Honeoye Falls, N.Y. was indicted on 16 counts of mail fraud, wire fraud and money laundering. Between April 2003 and March 2009, Zaveri was accused of defrauding investors who had invested approximately \$35,000,000 in "oil and natural gas exploration partnerships" in Tennessee and Kentucky through his company

Zaveri Oil & Gas, Ltd. Over 40 partnerships were offered for investment by Zaveri. Most of the proceeds were used to pay off previous investors and for Zaveri's own personal use.

United States vs. Kardonick

Michael Allan Kardonick was charged with money laundering, conspiracy, mail and wire fraud and tax violations in connection with a scheme that offered international currency trades. Through Atwood and James Ltd., Kardonick offered the opportunity for "huge profits" in foreign currency, trades that were never made in investors names. The defendant is accused of defrauding 25 victims out of \$3,000,000.

United States vs. Smith

Tony Leon Smith, of Loganville, Georgia, has been charged with five counts of wire fraud in connection with a scheme which promised a 100% return in 90 days. The defendant also allegedly represented that the investment involved "a foreign exchange instrument," that the investment was approved by the United States Federal Reserve and that he would not receive any commission up front for brokering the investment but would be paid after the victim received his profits from the investment. The defendant directed the victim to set up a corporation in St. Kitts and wire \$5,000,000 to the island. After the victim had transmitted his money, he and the defendant spoke regularly, during which conversations, Smith provided a variety of excuses for the delay in the payment from the investment and gave assurances that the investment was moving toward completion.

As a part of Operation Broken Trust, the task force is making the public aware of resources available to protect against these types of fraud and how to report fraud when it occurs. To learn more about investment scams, how to take steps to protect yourself from scams, or how to report investment fraud if you believe you have been victimized, the task force recommends that you visit its website, StopFraud.gov, which includes links to a wide array of task force member resources including <http://www.justice.gov/usao/nyw/>.

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